



REVITALIZATION OF THE SILK ROAD AND POSSIBLE BENEFITS FOR KAZAKHSTAN

When we compare our age with two thousand years ago, it can be easy to be fooled by the illusion of the superiority of modern civilization, technology, and communication. However, despite the passage of a long time, one of the achievements of that period that surprised our imagination was the "Great Silk Road". The Great Silk Road is not only a striking historical phenomenon; it is also an important accumulation for this destination route and for nations who reside in neighboring regions. European countries through to the Great Silk Road have had the opportunity to meet with China's elite products, silk and porcelain. A wide variety of household items and works of art are found in ancient excavations in today's Central Asian countries. As known, an important part of the Great Silk Road passes through the territory of modern Kazakhstan. The rich cities of the ancient Jetisu region, beyond being just a transfer point on the way to supply goods from China to Europe, have actively participated in production and trade, cultural values and knowledge exchange.

The Great Silk Road, which also passes through Kazakhstan, starts from the Chinese border. The merchants of the Chinese Empire transported silk, weapons, medicine, rice and products considered exotic at that time to the West through the Kazakh steppes. Steppe rulers provided the service of securing trade caravans in return for a certain good or fee. The main route of the Great Silk Road, which passed through the territory of Kazakhstan, passed through the south of the country. From the Chinese border, trade caravans passed through the cities of Sayram, Yassi (Turkestan), Otrar, Taraz, then went to Iran and the Caucasus and from there to Europe.

In a speech made by Xi Jinping, the President of the People's Republic of China, at Nazarbayev University in Astana in 2013, stated that "China should undertake the vision of encouraging the world to rebuild the historical Silk Road". This project is also known as the "Belt and Road Initiative", which aims to develop economic ties and deepen cooperation between countries in the Eurasian region. The 65 countries currently participating in this initiative are aware of the importance of the project and the development opportunities offered by trade and infrastructure investments. This network connects Asia, Europe and Africa, facilitates the exchange of goods and information and promises to further integrate the 4.4 billion people into a global network.

Kazakhstan which is the ninth largest country in the world in terms of land and the largest landlocked country has benefited less from the growth of intercontinental trade and the industrial revolution than other countries. Nevertheless, the rapid resurgence of the Silk Road and massive investments in infrastructure over the next decade herald the resurgence of Kazakhstan as a commercial hub in Central Asia.

What kind of benefits can bring to Kazakhstan the revitalization of an ancient trade route? First of all, the Silk Road will be instrumental in the fusion of Eastern and Western civilizations through the exchange of material values. There is a solidifying understanding that the foundations of global economic and social development are not only laid in Europe, the

Mediterranean or the Asian continent, but were created by the efforts of all humanity. The Great Silk Road with this aspect can be said to be one of the old integration models for the development of nations. If we consider the possible benefits Kazakhstan will gain from the revitalization of the Great Silk Road, first of all within the scope of the first phase of the "Nurly-Zhol" program, the transportation infrastructure is renewed and strengthened, the integration of the country into the global transport corridors is ensured, thus Kazakhstan regains its historical bridge status between Asia and Europe. As Kazakhstan President Kassym Jomart Tokayev stated in his speech on September 1, 2020, competition among the Central Asian countries in the fields of trade and transportation is quite high. This advantage should be further reinforced by the leading role of the country in the transport and transit sector.

As it is known, China has an important place in the global economy. China has been the only country in the world whose economic growth rate remained positive during the COVID-19 pandemic. In 2020, China's GDP increased by 2.3%, exceeding 15.66 trillion dollars. The total foreign trade volume of the country increased by 1.5% in 2020 and reached 4.65 trillion dollars. Exports increased by 3.6% to 2.59 trillion dollars, while imports fell 1.1% to 2.05 trillion dollars. The goods produced by China are used in various parts of the world. At the same time, China imports various products from all parts of the world to meet its needs. Kazakhstan is an important transit country for China's inland transportation efforts in its trade traffic.

Kazakhstan, which has no access to the sea, tries to compensate for this disadvantageous situation by developing its transportation and transit potential in multiple ways. The Founding President of Kazakhstan, Nursultan Nazarbayev, during his visit to Aktau city two years ago, noted that the Caspian Sea has great geopolitical importance due to its advantageous geographical location. Currently, Kazakhstan takes an active role in the development of transport between Europe and Asia. This system enables the delivery of goods from the east coast of China over the Caspian Sea to any point in Europe and to Russia at the shortest possible distance.

In this direction, it can be said that China is one of the most important partners of Kazakhstan. In the 21st century, Kazakhstan plays an important role in the formation of the New Silk Road. The President of Kazakhstan, Kassym Jomart Tokayev, in many of his speeches, calls for the most effective use of the country's strategic advantage, since all roads to Europe pass through Kazakhstan. Five international railways and six highways cross the territory of modern Kazakhstan, connecting China and other Asian countries with Europe, and beyond that with the Near East. While these routes allow goods to be delivered from China to Europe via Kazakhstan and back in 15 days, shipping by sea takes two or three times longer. It should be noted that during the January-August 2020 period, the traffic volume on the China-Europe-China route was 306.6 thousand TEU (twenty-foot equivalent unit) and this volume

was 62% more than the same period in 2019. Growth on the China-Central Asia-China route was 149.2 thousand TEU with a rate of 29%.

Kazakhstan benefits from transit, which is directly reflected in an indicator such as service exports. Since 2013, the annual service export volume of Kazakhstan has increased from 6 billion dollars to 7.8 billion dollars (30%). At the same time, the export of transport services, which accounts for more than half of the total volume, especially freight transport, is the main contributor. According to the World Bank's Logistics Performance Index (LPI), Kazakhstan ranks 71st among 160 countries in 2018. On the other hand, the fact that Kazakhstan ranked 42nd in terms of timely delivery of goods and 21st in terms of efficiency of the customs clearance process can be counted among important achievements. Currently, Kazakhstan has all the conditions for foreign and domestic investment entry into the transportation, logistics, and tourism industry and trade relations. The participation and support of potential investors in the process of realizing the New Silk Road in the territory of Kazakhstan will contribute to the further revival of the transportation sector and the creation of a competitive local economy. The representatives of the Chinese Government within the general economic framework stated that an investment of 50 billion dollars will be made in Kazakhstan. As of April 1, 2021, the cumulative investment volume from China to Kazakhstan has reached 13.2 billion dollars. It is thought that these investments will affect the interaction with China positively in general due to the spread of Chinese investments to various areas. Because Chinese investments are not only concentrated in the mining industry but are dispersed in various sectors, including the manufacturing sector, which is a priority for Kazakhstan's economy.

Kazakhstan has started implementing the next five-year plan of the state infrastructure development program "Nurly Zhol". After the completion of the first five-year plan of the state program, the rate of good and satisfactory national highways was increased to 88%, and the rate of local highways to 71%. With the emergence of modern and high-quality highways, new workplaces have been opened, transit freight flows have increased, and social infrastructure has been improved. During the five-year implementation of the state program, it has been observed that the program has a significant effect on the growth of the country's GDP. According to the results of the implementation of the state program, about 3 thousand kilometers of nationally important roads have been built or repaired.

In conclusion, the "Belt and Road Initiative" provides Kazakhstan with the opportunity to become an important country linking global world trade. Modern marketplace and geopolitical trends promise a modern revitalization of ancient transport lines. The biggest stakeholders in the country will not only be foreign investors but especially national companies that are ready to support a large transit volume through Kazakhstan in the coming years. At this point, the revitalization of the New Silk Road has an important place in the economic development of Kazakhstan.

Politics, Foreign Affairs, and Security

- The President of Kazakhstan Kassym-Jomart Tokayev held a meeting with the Minister for Development Cooperation and Foreign Trade of Finland Ville Skinnari. President Tokayev mentioned that Finland remained a key investor among Northern-European countries and spoke in favor of maintaining a regular political dialogue at the highest level. The President called for implementation of joint projects in green technologies and the telecommunications industries. Ville Skinnari mentioned the importance of cooperation and readiness of Finland to support these activities (Kazinform, 14.05.2021).
- According to the U.S. Deputy Assistant Secretary of State for South and Central Asian Affairs Jonathan Henick, the United States offers Kyrgyzstan and Tajikistan any support in resolving the border conflict. Speaking at a webinar hosted by the Atlantic Council in Washington, the US foreign policy official stated that the situation was not resolved and peace and stability were necessary to create conditions for reconstruction work in the conflict zone. (Kabar, 11.05.2021).
- The Prime Minister of Georgia Irakli Gariashvili paid an official visit to Armenia, where he held a meeting with the Head of the Armenian government Nikol Pashinyan. The sides discussed a wide range of bilateral issues in fields of energy, economy, trade, cultural relations, transportation and logistics. A special attention was paid to the development of transit potential of the two Caucasian states. The Georgian side reiterated its readiness to serve as a platform for dialogue between parties in conflict (Agenda.ge, 12.05.2021).
- The Minister of Foreign Affairs of the Republic of Tajikistan Sirojiddin Mukhriddin paid an official visit to China and met with the Chinese Minister of Foreign Affairs Wang Yi. The ministers discussed issues of bilateral relations, including plans to strengthen mutually beneficial multi-vector cooperation and signing of new intergovernmental documents. Following the talks, a program of cooperation between the diplomatic departments for 2021-2022 was signed (Centralasia.news, 11.05.2021).
- The Minister of Defense of Kyrgyzstan Taalaibek Omuraliev received the military attaché of China on defense issues Zhang Yong. The sides noted the long-standing ties between the armed forces of the two states and discussed the goals and objectives of strengthening further military cooperation between the defense departments of Kyrgyzstan and China. The Ministers also exchanged views on the training and education of Kyrgyz specialists for the Armed Forces of the Kyrgyz Republic and expressed their readiness to make a significant contribution to strengthening cooperation between defense departments (Kabar, 11.05.2021).
- The Presidents of Kyrgyzstan and Afghanistan, Sadyr Japarov and Mohammad Ashraf Ghani held a telephone conversation. Leaders exchanged views on topical issues of the international and regional agenda and discussed a range of bilateral cooperation issues and the prospects for its development. The Presidents also touched upon holding a meeting of the Kyrgyz-Afghan Intergovernmental Commission (Kabar, 13.05.2021).

Economy, Finance, and Energy

- All sectors of Kazakhstan's economy are demonstrating positive dynamics. During the last four months of 2021, the country's manufacturing sector increased by 7.7%. Investments in non-primary activities surged by 32.3%. For the reported period, foreign trade turnover amounted to \$19.7 billion, of which \$11.5 billion were Kazakhstan's exports. The export of non-primary goods amounted to \$4 billion increasing by 15%. As a result, the trade balance exceeded \$3.3 billion. The country's GDP grew by 0.7% (Qazaq TV, 12.05.2021).
- The President of Uzbekistan Shavkat Mirziyoyev recently conducted a meeting, where he summed up the current results of the country's economy. He mentioned that Uzbekistan's exports in the first quarter of 2021 reached \$3.2 billion; the GDP growth equaled 3%, while industrial and agricultural production grew by 4%. Pharmaceutical production has fallen by 22% despite a surge in demand. In the second quarter of 2021, Uzbekistan plans to attract \$7.1 billion investments (UzReport, 12.05.2021).
- The first unit of the Belarusian nuclear power plant is going through a comprehensive test of the equipment at the nominal level of power of the reactor installation. According to the Minister of Energy of Belarus Viktor Karankevich, its main goal is to satisfy the domestic demand for electricity. The Minister noted that if necessary, Belarus could export the electricity, which will be generated by the plant. In 2020, electricity consumption in Belarus equaled 38 billion kWh. The plant is expected to satisfy about 40% of the country's needs (BelTA, 15.05.2021).
- As of May 1, the Russian-Kyrgyz Development Fund has approved almost 3,000 projects in all regions of the country worth \$434 million. More than 50% of the projects are in manufacturing and agro-industrial sectors. Shares of agriculture and manufacturing in total portfolio amounted to 23% and 30%, respectively. Shares of transport and logistics, tourism and infrastructure development equaled 12% each. The lowest share equaled 1% belongs to financial activities (Kabar, 14.05.2021).
- The Office of the Japan International Cooperation Agency in Tajikistan funds the Pilot Project for Agribusiness Development in Tajikistan, which is implemented by the Aga-Khan Foundation. Recently, these two organizations distributed quality agriculture inputs to the farmers in Khatlon region in the frame of the project. The project aims to improve agriculture output by providing farmers with sustainable access to quality inputs such as wheat, maize or fertilizers, as well as through construction of storage facilities (Asia-Plus, 14.05.2021).
- Recently, Turkmenistan hosted an international oil and gas investment forum. Within the forum, Turkmenistan's President Gurbanguly Berdimuhamedov received the Head of State Oil Company of Azerbaijan Rovnag Abdullayev. The parties discussed the implementation of the Dostlug joint field on the Caspian Sea and possibility of further intensifying strategic partnerships between the two countries in the energy sector. Dostlug field has an estimated 60 million oil reserves and 100 billion cubic meters of natural gas reserves (AzerNews, 16.05.2021).

Society and Culture

- The United States Agency for International Development (USAID) has launched a new regional water and environment project aimed at strengthening regional cooperation on transboundary water resources management in the Syr Darya and Amu Darya river basins. The five-year project has a budget of \$24 million and is planned to be implemented in all five Central Asian countries and Afghanistan. The initiative will strengthen regional cooperation on transboundary water resources management in the Syr Darya and Amu Darya river basins and will help improve stability, economic well-being and ecosystem resilience for the people of Central Asia and Afghanistan (Tj.usembassy.gov, 12.05.2021).
- The Minister of Foreign Affairs of Uzbekistan, Abdulaziz Kamilov met with a French delegation led by the Minister Delegate for Foreign Trade and Economic Attractiveness, Frank Riester. Besides discussing bilateral relations in the political, trade, economic, cultural, humanitarian and other spheres, the sides paid special attention to issues related to the preparation of upcoming joint events at various levels. The French side expressed its readiness to provide assistance in organizing an exhibition in the fall of 2022 entitled "Splendor of Central Asia. On the caravan routes of Uzbekistan" at the Louvre Museum in Paris (Dunyo.info, 10.05.2021).
- Turkmenistan received a large consignment of the COVID-19 vaccine, CoronaVac, developed by the Chinese company Sinovac. The joint fight against the coronavirus pandemic was previously discussed during a telephone conversation between the President of Turkmenistan Gurbanguly Berdimuhamedov and the President of China Xi Jinping. Access to sufficient amounts of vaccine helped Turkmenistan start vaccination of its population from groups at increased risk of infection (Centralasia.media, 10.05.2021).
- The presentation of the art album "Reading Abai" was held at the Embassy of Kazakhstan in Budapest. The album included the works of leading artists of the Turkic world, created on the basis of the works of the outstanding poet, as well as honoring the figures who made a significant contribution to the popularization of his heritage in Hungary. During the event, the Secretary General of TURK-SOY Dyusen Kaseinov awarded the TURK-SOY medal of honor "175 years of Abai" to the director of the Turkic Council in Budapest Janos Khovari (Kazinform, 13.05.2021).
- The Government of Kazakhstan provided humanitarian assistance to India in connection with the difficult epidemiological situation in the context of the COVID-19 pandemic. The humanitarian aid had a total weight of about 40 tons including medical masks, respirators, protective suits and portable Kazakhstan-made artificial lung ventilation devices. The ceremony of its transfer at the airport was attended by the Ambassador of Kazakhstan to India Nurlan Zhalgasbayev and the Director of the Department of Eurasian Cooperation of the Ministry of Foreign Affairs of India Bandar Wilsonbabu (Kazinform, 14.05.2021).
- The Tajik Ambassador Extraordinary and Plenipotentiary to Kazakhstan Khairullo Ibodzoda met with the Minister of Ecology, Geology and Natural Resources of Kazakhstan Magzum Mirzagaliyev. During the meeting, the parties discussed the development of cooperation between Tajikistan and Kazakhstan in the field of environmental protection. The parties also exchanged views on strengthening cooperation within the framework of international organizations, including the International Fund for Saving the Aral Sea and the Regional Environmental Center for Central Asia (Avesta.tj, 15.05.2021).